Verizon's switches. See, e.g., Pennsylvania Order ¶¶ 13-14; New Jersev Order ¶ **121.** Competing carriers combine this data with information from their own systems in order to bill their customers. See Pennsylvania Order ¶¶ 13-14. In Maryland, the District, and West Virginia, as in Verizon's 271-approved states, Venzon provides competing carriers with both overall usage data and exchange access data. See McLean/Webster Decl. ¶ 141. Also, as in those other states, Venzon provides this information on Daily Usage Files, which Verizon will deliver electronically via the Connect:Direct interface or on tape. See id. In **2001,** Verizon created more than 177 million call records (i.e., Exchange Message Interface ("EMI") records) in Maryland, more than **22** million in the District, and approximately **18** million in West Virginia. ~~See id.~~ In the first ten months of 2002, Verizon has created an additional 246 million EMI records in Maryland, **27** million in the District, and **22** million in West Virginia. **See** id.

Verizon provides carrier bills to CLECs for the services it provides to those carriers. Verizon will provide carrier bills to CLECs either on paper (or CD-ROM) in Verizon end-user formats, or electronically in the Billing Output Specification ("BOS") Bill Data Tape ("BDT") format. See id. ¶ 144. Although the paper bill historically has been the "bill of record" in Maryland, the District, and West Virginia, beginning June 1, 2002, Verizon made it possible for CLECs to select the electronic BOS-BDT bill as their bill of record. See id. ¶¶ 144-145; see also Virginia Order ¶ 41. There are now approximately 55 CLECs operating in Maryland, over 40 in the District, and approximately 30 in West Virginia that receive the BOS-BDT bill. See McLean/Webster Decl. ¶ 145.

Verizon delivers usage data to CLECs on time. For example, from August **through** October 2002, Verizon has exceeded the 95-percent on-time standard for providing customer-usage data to CLECs within four business days in Maryland, the District, and West Virginia.

See id. ¶ 52; Virginia Order ¶ 39 (relying on comparable performance under this measurement); New Jersey Order ¶ 122 (same). In addition, during that same period, Verizon has consistently exceeded the 98-percent on-time standard for providing carrier bills to CLECs within ten business days. See McLean/Webster Decl. ¶ 152; see also Virginia Order ¶ 39 & n.117 (relying on comparable performance under this measurement); New York Order ¶ 227 & n.724 (same).

Verizon also provides accurate bills to competing carriers in Maryland, the District, and West Virginia. As in Virginia, New Jersey, and Pennsylvania, Verizon engaged PricewaterhouseCoopers ("PwC") to conduct an attestation review of the actual BOS-BDT bills that Verizon provides to CLECs in Maryland, the District, and West Virginia. See McLean/Webster Decl. ¶ 150. PwC found that the BOS-BDT bills in these three jurisdictions were consistent with the Telcordia industry standard; were implemented according to a plan of record adopted by Verizon; contained the same detailed itemization as the paper bills; had the same dollar values as the paper bills for each detailed line item; were internally consistent; and contained a sufficient level of detail for third parties to recalculate specific billing elements on their own. See McLean/Webster Decl. ¶ 151. Taken together with the fact that KPMG previously had confirmed that Verizon's systems produce accurate paper bills, PwC's finding confirms that the BOS-BDT bills are likewise accurate. See Virginia Order ¶ 41 (relying on similar facts); Pennsylvania Order ¶ 35 (same); New Jersey Order ¶ 125 (same).

Just as PwC's review of the BOS-BDT bills confirms that these bills are accurate, so does Verizon's real-world experience with CLECs. One way that CLECs inform Verizon of errors on their bills (whether electronic or paper) is by submitting claims that dispute charges on the bill. At the beginning of January 2002, there were approximately 1,700 open billing disputes involving almost $5 million worth of charges in Maryland, approximately 530 disputes involving approximately $1 million in the District, and approximately 540 disputes involving approximately $390,000 in West Virginia. See McLean/Webster Decl. ¶¶ 158-160. At the end of October 2002, however, there were only about 175 outstanding disputes involving approximately $425,000 in charges in Maryland, only 45 open involving about $32,000 in West Virginia, and fewer than 20 open disputes involving less than $10,000 in West Virginia. See id.; see also Virginia Order ¶ 49 (concluding based on similar evidence that "Verizon is generally addressing billing disputes in a timely manner"). Moreover, the total amount of all billing claims ***submitted*** by CLECs in Maryland, the District, and West Virginia in recent months — irrespective of whether the claims are valid — is comparable to the levels in New York at the time of Verizon's Pennsylvania application, when CLECs conceded that the billing systems in New York allowed them to compete. See id. ¶ 161; see also, e.g., Lichtenberg Reply Decl. ¶ 19, Exh. A to Reply Comments of WorldCom, CC Docket No. 01-138 (FCC filed Aug. 6,2001) ("in other states, including New York, WorldCom received auditable electronic bills from the time it initially entered the local residential market"); Reply Comments of Z-Tel Communications at 6, CC Docket No. 01-138 (FCC filed Aug. 6,2001) ("Verizon knows how to make a billing system work, as evidenced by its performance in Massachusetts and New York.").

Finally, Verizon responds to and resolves CLEC billing disputes in a timely manner. As the Commission has recognized, there are two new billing measurements to track whether Verizon responds to billing disputes in a timely manner — "Percent CLEC Billing Claims Acknowledged within 2 Business Days" and "Percent CLEC Billing Claims Resolved within 28 Calendar Days after Acknowledgement." McLean/Webster Decl. ¶ 153; Virginia Order ¶ 49 & n.173. Verizon has begun reporting these measurements in West Virginia and the District (using the New York rules on an interim basis subject to a study period), and will begin reporting under these measurements in Maryland starting with the January **2003** reporting month. See McLean/Webster Decl. ¶¶ 153-154. In Maryland, Verizon has calculated its performance under these new measurements from August through October for claims submitted after May **1,2002,** which shows that Verizon has acknowledged more than 90 percent of CLEC billing claims within two days from August through October, and that Verizon's performance would have been even better but for 14 claims in September and **22** in October that were acknowledged one day late due to a temporary force-to-load imbalance that Verizon has already taken steps to correct. See ~~id.~~ ¶ 156. Verizon also has resolved more than 98 percent of claims submitted in Maryland after May **1,2002** within **28** days of acknowledgement. & id- In the District, Verizon exceeded the 95-percent standard for both measurements in September, and in October Verizon met the standard for resolving claims within **28** days but missed the standard for acknowledging claims within two days because of ten claims that were acknowledged one day late. See id. ¶¶ 154-155. In West Virginia, Verizon exceeded the standard for acknowledging claims within *two* days in August and October, and in September fell below this standard for the first time in **2002** because of eight claims that were acknowledged one day late. See id. ¶ **154.** In West Virginia, Verizon exceeded the standard for resolving claims within **28** days in October, but missed the standard in August and September due to efforts, discussed above, to resolve a back-log of claims that had been pending for more than **30** days. %& ¶ **155.**[75]

[75] Several CLECs during the course of the state proceedings in Maryland, the District, and West Virginia claimed that Verizon was "double billing" by continuing to bill end-user customers after those customers had switched their local service to a CLEC. See McLean/Webster Decl. ¶ 163. As the Commission found, however, "instances of double billing appear to be minimal and continue to decrease," and Verizon has taken appropriate steps "to address cases of double billing." Virginia Order ¶ **48.** In Maryland, for example, Verizon received only **51** complaints of double billing from August through October **2002,** only **20** of which were actual cases of double billing. See McLean/Webster Decl. ¶ 164. In West Virginia, during that same period, Verizon received only 17 complaints of double billing from August

6. Technical Support and Change Management.

Verizon provides CLECs in Maryland, the District, and West Virginia with the same support mechanisms and processes that it provides in its 271-approved states and throughout the former Bell Atlantic service areas. See McLean/Webster Decl. ¶ 171. The Commission has repeatedly found that these mechanisms and processes satisfy the checklist. See Virginia Order ¶¶ 56-58; Pennsvlvania Order ¶¶ 12, 51; New HamushireDelaware Order ¶ 95; New Jersey Order ¶ 74; Massachusetts Order ¶ 102; Rhode Island Order ¶ 1; Vermont Order ¶ 1; Maine Order ¶ 1; Connecticut Order ¶ 1; New York Order ¶ 101. Moreover, KF'MG has examined Verizon's procedures for establishing and maintaining relationships with CLECs in Virginia and found them satisfactory in all respects. See McLean/Webster Decl. ¶ 173; KPMG Final Report at 25-87.

111. VERIZON IS FULLY IN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 272.

As in the other states in which Verizon has received section 271 approval, Venzon will provide all services that are subject to the requirements of section 272 through one or more separate affiliates that comply fully with the requirements of that section and the Commission's rules. See Browning Decl. ¶¶ 4-5; Browning PA Decl. ¶ 17 (App. O-MD, Tab 1). The Commission found in each of those previously approved states that Verizon "demonstrated that it will comply with the requirements of section 272." Virginia Order ¶ 194; Pennsylvania Order ¶ 124; New Hampshire/Delaware Order ¶ 136; Rhode Island Order ¶ 101; New York Order ¶ 403; Massachusetts Order ¶ 227; Vermont Order ¶ 60; Maine Order ¶ 56; New Jersev Order ¶ 165; Connecticut Order ¶ 73. Those findings apply equally here.

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through October 2002, only 10 of which were actual cases of double billing. See id.

Indeed, during the course of the state proceedings in Maryland, the District, and West Virginia, no party contested Verizon's showing that Verizon would comply with section 272.[76] Nor could they. Verizon will use the same 272 affiliates to provide in-region, interLATA services in Maryland, the District, and West Virginia that it uses in its 271-approved states. See Browning Decl. ¶¶ 4-6. Verizon will therefore maintain the identical structural separation and nondiscrimination safeguards in the three jurisdictions at issue here as it does in the eleven other states in which the Commission found that Verizon satisfied the requirements of section 272 in all respects. See id. ¶¶ 4-5.[77] Verizon has therefore met its burden to demonstrate that it complies with the requirements of sections 271(d)(3)(B) and 272.

IV. APPROVING VERIZON'S APPLICATION IS IN THE PUBLIC INTEREST.

The Commission has held that "compliance with the competitive checklist is, itself, a strong indicator that long distance entry is consistent with the public interest." New York Order ¶ 422; see also Arkansas/Missouri Order ¶ 126 n.400 (stating that, where the competitive checklist is satisfied, "barriers to local entry in the local exchange markets . . . have been

[76] During the course of the Maryland state proceeding, a witness for the Maryland Office of People's Counsel, Dr. Lee Selwyn, argued that that the Maryland PSC should adopt safeguards ***beyond*** those contained in section 272 based on the unfounded speculation that, in the absence of such requirements, Verizon might be able to engage in cross-subsidization or predatory pricing. Direct Testimony of Lee L. Selwyn, witness for the Maryland Office of People's Counsel ("Selwyn Testimony"), filed July 29,2002, in the matter of the Review by the Commission into Verizon Maryland's Compliance with the Conditions of 47 U.S.C. §271(c), page 119. But there is no basis is the Act to expand section 272, which Congress obviously thought sufficient to prevent anti-competitive abuse. Moreover, Dr. Selwyn's comments largely repeat testimony he provided on AT&T's behalf in other proceedings that are now pending before this Commission — including the Section 272 Sunset proceeding (WC Docket No. 02-112) — and those proceedings, not this one, are the appropriate place to address these claims.

[77] Verizon has previously disclosed to the Commission that, on a few past occasions, it inadvertently marketed long distance service to a number of customers (including in Maryland, the District, and West Virginia). Appendix A, Tab I contains a ***summary*** of these various instances and describes the steps that Verizon has taken to correct them and to prevent them from recurring. As the Commission has held, these instances are not properly the subject *of* a 271 proceeding. See, e.g., Virginia Order ¶ 194.

removed"). **As** described above, there is no question that the checklist is satisfied in Maryland, the District, and West Virginia. In addition, the Commission has explained that it "may review the local and long distance markets to ensure that there are not unusual circumstances that would make entry contrary to the public interest." New York Order ¶ **423.** No such unusual circumstances exist here; to the contrary, the evidence is overwhelming that Verizon's entry into long distance in Maryland, Washington, D.C., and West Virginia is in the public interest.

First, the local markets in all three jurisdictions are unquestionably open and there is significant local competition. And, as Verizon's experience in the other states where it has already received long distance authority demonstrates, Verizon's entry into the long distance market in Maryland, the District, and West Virginia will further promote local competition there.

Second, mechanisms are in place to ensure that the local market will remain open after Verizon's entry. Verizon reports its performance in Maryland, the District, and West Virginia under substantially the same performance standards that are in effect in Verizon's 271-approved states; in all three jurisdictions, there also is or will be a comprehensive performance assurance plan in place that parallels the plans adopted in its 271-approved states.

Finally, Verizon's entry will greatly enhance long distance competition. Verizon's provision of long distance service in its 271-approved states provides empirical proof that Bell company entry into long distance leads to lower prices for long distance service.

A. Local Markets in Maryland, Washington, D.C., and West Virginia Are Open, and Verizon's Entry Will Increase Local Competition Further Still.

Local markets in Maryland, Washington, D.C., and West Virginia are unquestionably open to competition.[78] Throughout all three jurisdictions, there is competition from all types of

[78] Verizon disagrees as a legal matter that the Commission may conduct any analysis of local competition in its public-interest inquiry. Under the terms of the Act, the public-interest inquiry should focus on the market to be entered the long distance market. The statute requires

competitors using all three entry paths provided under the Act. See Torre Decl. Att. 1 ¶ 4, Att. 2 ¶ 4, Att. 3 ¶ 4; Brief Att. A, Exs. 1-4.[79]

First, competitors in all three jurisdictions are using all three entry paths to serve business and residential consumers. As **of** September 2002, competitors already served approximately 533,000 lines in Maryland, approximately 213,000 lines in the District, and approximately 46,000 lines in West Virginia — even using conservative estimates. See Torre Decl. Att. 1 ¶ 6 (Table 1), Att. 2 ¶ 6 (Table 1), Att. 3 ¶ 6 (Table 1).[80] Most of the lines that competitors serve in all three jurisdictions are provided over facilities that they have deployed themselves. See Torre Decl. Att. 1 ¶ 6 (Table 1), Att. 2 ¶ 6 (Table 1), Att. 3 ¶ 6 (Table 1). Competitors in all three jurisdictions also are serving significant numbers of residential

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that "the requested authorization" be consistent with the public interest. 47 U.S.C. § 271(d)(3)(C). The "requested authorization" is to provide in-region, interLATA services. See id. § 271(b)(1). Therefore, the statute's public-interest focus is clearly on the long distance market, not the local market. This reading finds strong support in section 271(c)(2)(B), which sets **forth** an intricate competitive checklist, and section 271(d)(4), which states that "[t]he Commission may not . . . extend the terms used in the competitive checklist." It is implausible that Congress would have spent countless hours honing the checklist and would also have enjoined the Commission from improving or expanding upon it, but somehow would also have authorized the Commission to add further local competition-related requirements in the context of its public-interest review.

[79] The extensive local competition in all three jurisdictions demonstrates that there is no merit to the long distance incumbents' shopworn claim — which they are likely to repeat here — that the current UNE rates somehow create a price squeeze that makes granting Verizon's Application contrary to the public interest. Moreover, the facts here show that CLECs ***can*** compete profitably in Maryland, in Washington, D.C., and in West Virginia, with significant margins available in all three jurisdictions. See Roberts/Garzillo/Prosini Decl. ¶¶ 66-67; Johns/Garzillo/Prosini Decl. ¶¶ 48-50; Given/Garzillo/Sanford Decl. ¶¶ 65-66. In any event, the Commission has recently held that the long distance incumbents' price-squeeze claims **are** legally untenable because "the Act contemplates . . . and addresses . . . potential price squeezes **through** the availability **of** resale," which "provides a profit margin" even where — as is not the case here — "the costs of individual elements exceed the retail rate." Vermont Order ¶ 69; see also Georgia/Louisiana Order ¶ 287.

[80] As explained in the Torre Declaration, although a few parties in the state proceeding in Maryland and the District challenged the use of E911 listings to estimate facilities-based lines, those claims are entirely without merit. See Torre Decl. ¶¶ 5-6.

customers, and in all three jurisdictions they are doing *so* through all three entry paths. See Torre Decl. Att. 1 ¶ 6 (Table 1), Att. 2 ¶ 6 (Table 1), Att. 3 ¶ 6 (Table 1).[81]

Second, competition in all three jurisdictions comes in all shapes and sizes and is being provided on a widespread basis in each jurisdiction. Maryland, the District, and West Virginia have all attracted competition from a wide variety of CLECs, including some of the biggest CLECs in the country (e.g., AT&T and WorldCom), many smaller ones (e.g., Core Communications and US LEC in Maryland, Starpower in the District, and FiberNet and StratusWave in West Virginia), and various resellers (e.g., CloseCall and CAT Communications in Maryland, US Telco and CAT in the District, and Reconex and CTC in West Virginia). See id. Att. 1 ¶¶ 23-39 & Exs. B, C; id. Att. 2 ¶¶ 23-35 & Exs. B, C; id. Att. 3 ¶¶ 23-33 & Exs. B, C.

In Maryland, there are at least 20 competitors providing facilities-based service *to* business customers, at least six of which also provide facilities-based service to residential customers. See id. Att. 1, Ex. B. There also are at least eight competitors in Maryland providing service to business customers through UNE platforms, all but one of which also provides service to residential customers through UNE platforms. See id. Att. 1, Ex. B. There are at least 45 resellers in Maryland, including at least 24 carriers reselling service to residential customers. See id. Att. 1 ¶ 22 & Ex. B. Competitors are reselling service in 100 percent of Verizon's wire

[81] With respect to West Virginia in particular, this competition is all the more impressive because West Virginia is the second most rural state in the entire country, with more than half of its population living in rural areas according to U.S. Census data. See U.S. Census Bureau, Urban and Rural Population: 1900 to 1990 (rel. Oct. 1995), at http://www.census.gov/population/censusdata/urpop0090.txt. The highly rural make-up of West Virginia is significant, of course, because — as the Commission has recognized — "there may not be significant competition in many high-cost, rural areas." Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Second Report and Order and Further Notice of Proposed in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, 16 FCC Rcd 19613, ¶ 280 (2001). And the fact that this is not what has occurred further demonstrates that Verizon's local markets are open.

centers in Maryland. See id. Att. 1 ¶ 22. Likewise, competitors have obtained collocation across Maryland. See id. Att. 1 ¶ 10.

In the District, there are at least 15 competitors providing facilities-based service to business customers, at least three of which also provides facilities-based service to residential customers. See id. Att. 2, Ex. B. There also are at least four competitors in the District providing service to business customers through UNE platforms, and at least one competitor that provides service to residential customers through UNE platforms. See id. There are at least 20 resellers in the District, including at least eight carriers reselling service to residential customers. *See* ~~id.~~ Att. 2 ¶ 22 & Ex. B. Competitors are reselling service in all of Verizon's wire centers in the District and have obtained collocation across the District. See id. Att. 2 ¶¶ 10, 22.

In West Virginia, there are at least four competitors providing facilities-based service to business customers, at least one of which also provides facilities-based service to residential customers. See id. Att. **3,** Ex. B. There also are at least three competitors in West Virginia providing service to business customers through UNE platforms, and two competitors that provide service to residential customers through UNE platforms. See id. There are approximately 15 resellers in West Virginia, including at least eight carriers reselling service to residential customers. See id. Att. **3** ¶ 22 & Ex. B. Competitors are reselling service in all of Verizon's wire centers in West Virginia and have obtained collocation in wire centers that serve a majority of business and residential lines in the state. See id. Att. **3** ¶¶ 10, 22.

Third, as actual experience in states with section 271 approval unequivocally proves, granting Verizon long distance relief will prompt still further local competition. Verizon's entry into the long distance market in Maryland, Washington, D.C., and West Virginia will lead to an increase in local competition in these states, **just** as it has done in other states where section **271**

relief has been granted. **As** the Commission's own Local Telephone Competition report confirms, "[s]tates with long distance approval show [the] greatest competitive activity."" This is hardly surprising: a Bell company's imminent or actual entry into the long distance market is the catalyst that finally forces long distance incumbents to enter local markets for mass-market customers.[83]

B. Local Markets in Maryland, Washington, D.C., and West Virginia Will Remain Open After Verizon Obtains Section 271 Approval.

Even apart from the marketplace realities demonstrating that the local market not only is open, but irreversibly **so,** there simply is no realistic risk that Verizon could close the local market or deter further entry. For one thing, Verizon's compliance has been, and will continue to be, closely scrutinized by both competitors and state and federal regulators. For another thing, Verizon is subject to comprehensive performance reporting and performance assurance plans that put a substantial amount of remedy payments at risk annually

Verizon also is subject to extensive performance reporting requirements that, like the comparable requirements in New York, Virginia, Massachusetts, Pennsylvania, Rhode Island, Vermont, Maine, New Jersey, Delaware, New Hampshire, and Connecticut, allow competitors and regulators alike to identify and investigate potential problems before they pose a risk to competition. And it also is or will be subject to comprehensive, self-executing performance assurance mechanisms that provide still further incentives *to* provide the best wholesale performance possible.

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[82] FCC News Release, Federal Communications Commission Releases Latest Data on Local Telephone Competition (May 21,2001).

[83] **As** one independent analyst has noted, "[w]e also believe that IXCs are using UNE-P primarily to protect long distance revenues, so the decision to use UNE-P is based primarily on where the RBOCs have gained LD entry rather than on the profitability of providing local service itself." Bruce Roberts, Dresdner Kleinwort Wasserstein, Verizon UNE Regulation Under Review, NJ PUC to Rule on VZ LD 5 (Jan. **8,2002).**

Performance Measurements. Verizon reports its Maryland, Washington, D.C., and West Virginia performance under an extensive set of measurements that are virtually identical to the measurements developed in the New York PSC's collaborative carrier working group process and approved by the New York PSC, the Virginia SCC, and state commissions in Massachusetts, Pennsylvania, and the other states where Verizon has received section 271 approval. See Guerard/Canny/DeVito Decl. ¶¶ 13-15, 23, 24-25; New York Order ¶¶ 438-439; Virginia Order ¶ 198; Massachusetts Order ¶ 243 & n.776; Vermont Order ¶ 5; Rhode Island Order ¶ 5; Maine Order ¶ 61; New Hampshire/Delaware Order ¶ 169; Connecticut Order ¶ 76 & Apps. B, C; see also Pennsylvania Order ¶ 131; New Jersey Order ¶ 180. The measurements under which Verizon currently reports its performance in Maryland are substantially the same as the measurements in effect in Virginia at the time Verizon filed its section 271 application in that state. See Guerard/Canny/DeVito Decl. ¶ 13. In Washington, D.C. and West Virginia, Verizon currently reports its performance under a set of measurements that are essentially the same as those the New *York* PSC approved in April 2002 and that were in place in New Hampshire and Massachusetts at the time the Commission approved Verizon's New Hampshire application. See id. ¶¶ 23, 25. The Maryland PSC has recently approved the use of a virtually identical set of measurements for use in Maryland; Verizon expects to begin reporting its performance under those measurements with the January 2003 report month. See id. ¶¶ 15-16.

The standards in both states require Verizon "to achieve excellent wholesale service quality" that "go[es] well beyond the Checklist requirements," "exceed[ing them] in specificity and degree."[84] As the Commission has found on numerous occasions, these measurements allow

[84] Order Adopting the Amended Performance Assurance Plan and Amended Change Control Plan at 31, Petition of New York Telephone Co. for Approval of its Statement of Generally Available Terms and Conditions, Case Nos. 97-C-0271 & 99-C-0949 (NY PSC Nov.

regulators and competitors alike to monitor all aspects of Verizon's wholesale performance. See, e.g., New York Order ¶ 431. With minor exceptions, Verizon also is currently subject to the same performance standards — either retail analogs or benchmarks — in Maryland, the District, West Virginia, Virginia, and the other ten states where the Commission has approved Verizon's section **271** applications. See Guerard/Canny/DeVito Decl. ¶¶ **33-34.** Verizon's performance is measured against these standards in order to ensure that it provides service to CLECs in "substantially the same time and manner" as the service it provides to its own retail operations. New York Order ¶¶ **44,431**.[85]

Performance Assurance Plan. Verizon is or will be subject to self-executing Performance Assurance Plans ("Plans") in Maryland, the District, and West Virginia that parallel the plans in effect in New York, Virginia, Massachusetts, Rhode Island, Vermont, Maine, New Hampshire, Delaware, and Connecticut. The public service commissions in Maryland and the District have already approved performance assurance plans for Verizon. See Guerard/Canny/DeVito Decl. ¶¶ 28, 30. In West Virginia, Verizon has submitted a plan for approval to the PSC, and AT&T has agreed that is has no substantive objections to that plan. See id. ¶ **29.**

The Plans in all three jurisdictions are substantially the same as the plans in effect when the Commission approved Verizon's section 271 applications in each of those states. The

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3, 1999); Application by Bell Atlantic New York for Authorization Under Section **271** of the Communications Act To Provide In-Region. InterLATA Service in the State of New York, Evaluation of the New York Public Service Commission at **3-4,** CC Docket **No. 99-295** (FCC filed Oct. **19, 1999) ("NY** PSC Evaluation").

[85] Verizon's procedures and systems to capture and report its performance measurement results for Maryland, the District, and West Virginia are the same as those used in Virginia, where this Commission recently approved Verizon's section 271 application. See Guerard/Canny/DeVito Decl. ¶ **83.** Those procedures and systems were subjected to a third-party test in Virginia by KPMG, which they passed with **flying** colors. && ¶¶ 84-89. The Virginia SCC Staff has successfully replicated Verizon's performance measurement results. See id. ¶ **84.** These third **party** reviews thus also confirm the accuracy and reliability of Verizon's reported performance data in all three jurisdictions at issue here.

Commission has previously found that these plans provide "strong assurance that the local market will remain open after [Verizon] receives section 271 authorization." New York Order 1429; see Virginia Order ¶ 198; Massachusetts Order ¶ 242; Vermont Order ¶ 74; Rhode Island Order ¶ 108; Maine Order ¶ 61; New Hampshire/Delaware Order ¶ 169; Connecticut Order ¶ 76.

Verizon's Maryland, D.C., and West Virginia Plans, respectively, place approximately $160.67 million, $43.57 million, and $57.43 million in annual remedy payments at risk. See Guerard/Canny/DeVito Decl. ¶¶ 95 116.[86] Like the plans the Commission approved in Virginia, Massachusetts, Vermont, Rhode Island, New Hampshire, Delaware, and Maine, these amounts are equal to 39 percent of Verizon's net return in Maryland, the District, and West Virginia. See Guerard/Canny/DeVito Decl. ¶¶ 95,116; Virginia Order ¶ 198; Massachusetts Order ¶ 241 & n.769; Vermont Order 74 n.259; Rhode Island Order ¶ 108 n.336; Maine Order ¶ 61 n.266; New Hampshire/Delaware Order ¶ 169 & n.580.[87] The Maryland, Washington, D.C., and West Virginia Plans also have substantially the same structures and allocations of remedy payments as the New York, Virginia, Massachusetts, Vermont, Rhode Island, Maine, New Hampshire, Delaware, and Connecticut plans, which the Commission found are both "reasonably designed to detect and sanction poor performance when it occurs" and "reasonably self-executing." New York Order ¶¶ 440-441; Guerard/Canny/DeVito Decl. ¶¶ 90, 116-118. For all these reasons, the

[86] These figures include approximately $5.48 million, $1.49 million, and $1.96 million, respectively, in remedy payments available to CLECs operating in Maryland, the District, and West Virginia, if Verizon's performance under the Change Control Assurance Plans in those states — which are the same as those in effect in Virginia, Massachusetts, Vermont, Rhode Island, Maine, New Hampshire, Delaware, and New York (which also covers Connecticut) — is unsatisfactory. See Guerard/Canny/DeVito Decl. ¶¶ **90,** 113, 116-117.

[87] The amounts at risk in the Maryland and West Virginia Plans are thus greater than the 36 percent **of** net return the Commission found sufficient in approving Verizon's application in New York and SBC's applications in each of the five SWBT states. See New York Order ¶ 435; Texas Order ¶ 424 & n.1235; Kansas/Oklahoma Order ¶ 274 & n.837; Arkansas/Missouri Order ¶ 129 & n.409.

Maryland, D.C., and West Virginia Plans, like the plan in New York, "require[s] [Verizon] to achieve service quality that . . . go[es] well beyond the Checklist requirements." NY PSC Evaluation at 3-4.[88] Indeed, the Plans can require Verizon to make remedy payments despite extremely good performance, whether because Venzon misses a 95-percent benchmark by 1 percentage point (thereby still providing excellent, 94-percent performance) or because a small disparity of 0.1 percentage points is found to be statistically significant. See Guerard/Canny/DeVito Decl. ¶ 122.[89]

Finally, Verizon has a strong business interest in providing superior wholesale service in order to encourage other carriers to use its network. See Lacouture/Ruesterholz MD Decl. ¶ 360; Lacouture/Ruesterholz DC Decl. ¶ 349; Lacouture/Ruesterholz WV Decl. ¶ 348. Even aside from this business interest, however, Verizon also is subject to a host of additional safeguards and remedial measures that provide abundant protection against the possibility of anticompetitive conduct. See Pennsylvania Order ¶ 130 ("[T]he PAP is not the only means of ensuring that Verizon continues to provide nondiscriminatory service to competing carriers."); Massachusetts Order ¶ 236; Rhode Island Order ¶¶ 112-113. For example, competing carriers still have recourse to the appropriate regulatory and judicial forums to enforce their legal or contractual rights. Likewise, the Commission itself retains the ability to enforce the requirements of section 271 with penalties, up to and including possible revocation of long distance authority under

[88] Before each state commission, CLECs argued that Verizon should be required to waive its right to challenge the commission's authority to impose changes to the Plan without Verizon's consent. The approved Plans in Maryland, West Virginia, and Washington, D.C., however, are ones to which Verizon has already consented, and *are* virtually identical to Plans that the Commission has found provide "strong assurance" that local markets will remain open after Verizon's Application is approved. New York Order ¶ 429. Accordingly, the fact that Verizon has the right to challenge *future*, nonconsensual amendments to the Plans has no bearing on the question whether the current Plans provide sufficient assurance of future compliance.

[89] Therefore, to avoid making remedy payments, Verizon must provide service that is better than parity and that exceeds the benchmarks.

section 271(d)(6)(A). And it already has made clear that it will not hesitate to invoke that authority.

C. Verizon's Entry Will Increase Long Distance Competition.

It is by now unassailable that "BOC entry into the long distance market will benefit consumers and competition." Pennsylvania Order ¶ 125; accord Massachusetts Order ¶ 234. Indeed, consumer groups have documented these benefits, concluding that consumers in New York who switched to Verizon long distance are saving up to $284 million annually,[90] and that Verizon's entry in New York has enabled consumers in that state to obtain rate reductions of 20 percent for local and long distance services." These same consumer groups have estimated that Verizon's entry into the long distance market in Maryland will save consumers in that state **up** to $72 million each year on their long distance bills?' Another recent study, by MIT Professor Jerry Hausman, concludes that, in the first year after a BOC enters the long distance market, consumers in that state experience long distance savings of 10 to 20 percent.[93] Verizon's entry will undoubtedly have the same pro-competitive effects in Maryland, the District, and West Virginia that it has had in other states.

As this experience makes clear, Verizon's entry not only has promoted additional local competition, but also has produced substantial competitive benefits for long distance and

[90] Telecommunications Research & Action Center (TRAC), 15 Months After 271 Relief: A Study of Telephone Competition in New York 1 (Apr. 25,2001) (App. Q-MD, Tab *6)*.

[91] See Consumer Fed'n of *Am.* & Consumers Union, Lessons from *1996* Telecommunications Act: Deregulation Before Meaningful Competition Spells Consumer Disaster 9-10 (Feb. 2001).

[92] See TRAC, Projecting Residential Savings in Maryland's Telephone Market at 3 (June 2002) (App. Q-MD, Tab 24).

[93] See Jerry A. Hausman, Effect of BOC Entry into InterLATA and IntraLATA Service in New York and Texas, at http://www.iacompetition.org/htmvfUll-hausman.h!ml; see also Jerry A. Hausman, Gregory K. Leonard & J. Gregory Sidak, Does Bell Company Entry into Long-Distance Telecommunications Benefit Consumers?, 70 Antitrust L.J. 463 (2002).

bundled services packages. Consumers in Maryland, Washington, D.C., and West Virginia are now entitled to the same benefits.

CONCLUSION

Verizon's Application to provide interLATA service originating in Maryland, Washington, D.C., and West Virginia should be granted.

Respectfully submitted,

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GLOSSARY OF 271 ORDERS

Arkansas/Missouri Order	Joint Application by SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region, InterLATA Services in Arkansas and Missouri, Memorandum Opinion and Order, 16 FCC Rcd 20719 (2001), aff'd, AT&T Corn. **v.** FCC, **No.** 01-1511,2002 WL 31558095 (D.C. Cir. Nov. 18, 2002) (per curiam)
BellSouth Five-State Order	Joint Application bv BellSouth Cornoration. et al., **for** Provision of In-Region, InterLATA Services in Alabama, Kentucky. Mississippi. North Carolina, and South Carolina, Memorandum Opinion and Order, 17 FCC Rcd 17595 (2002)
Connecticut Order	Application bv Verizon New **York** Inc., et al.. for Authorization to Provide In-Region, InterLATA Services in Connecticut, Memorandum Opinion and Order, 16 FCC Rcd 14147 (2001)
Georgia/Louisiana Order	Joint Auulication bv BellSouth Cornoration. et al., **for** Provision **of** In-Region. InterLATA Services in Georgia and Louisiana, Memorandum Opinion and Order, 17 FCC Rcd 9018 (2002)
Kansas/Oklahoma Order	Joint Auulication by SBC Communications Inc.. et al., for Provision of In-Region. InterLATA Services in Kansas and Oklahoma, Memorandum Opinion and Order, 16 FCC Rcd 6237 (2001), affd in part and remanded, Sprint Communications Co. v. FCC, 274 F.3d 549 (D.C. Cir. 2001)
First Louisiana Order	Application **by** BellSouth Cornoration, et al. Pursuant to Section 271 **of** the Communications Act of 1934. as amended, To Provide In-Region. InterLATA Services In Louisiana, Memorandum Opinion and Order, 13 FCC Rcd 6245 (1998)
Second Louisiana Order	Application bv BellSouth Cornoration, et al., **for** Provision **of** In-Region, InterLATA Services in Louisiana, Memorandum Opinion and **Order,** 13 FCC Rcd 20599 (1998)

Maine Order	cation by Ver zo N] ig n ic , t l., for Authorization to Provide In-Region, InterLAIA Services In Maine, M 1 C i i d O 1 17 FCC Rcd 11659 (2002)
Massachusetts Order	Application bv Verizon New England Inc., et al., For Authorization to Provide In-Region. InterLATA Services in Massachusetts, Memorandum Opinion and Order, **16** FCC Rcd **8988** (2001), aff'd in Dart. dismissed in part, and remanded in part, WorldCom, Inc. v. FCC, 308 F.3d 1 (D.C. Cir. **2002)**
Michigan Order	**Application** of Ameritech Michigan Pursuant to Section **271** of the Communications Act of 1934. as amended, To Provide In-Region, InterLATA Services In Michigan, Memorandum Opinion and Order, 12 FCC Rcd **20543 (1997)**
New Hampshire/Delaware Ord	Application by Verizon New England Inc., et al., for Authorizati To Pi ide In-Regi InterLATA Ser in New Hampshire and Delaware, Memorandum Opinion and Order, **17** FCC Rcd **18660 (2002)**
New Jersev Order	Application by Verizon New Jersev Inc., et al., for Authorization To Provide In-Region, InterLATA Services in New Jersey, Memorandum Opinion and Order, **17** FCC Rcd **12275 (2002)**
New York Order	Application bv Bell Atlantic New York for Authorization Under Section **271** of the Communications Act to Provide In-Region. InterLATA Service in the State of New York, Memorandum Opinion and Order, **15** FCC Rcd **3953** (1999), aff'd, AT&T Corn. v. FCC, **220** F.3d **607** (D.C. Cir. **2000)**
Pennsylvania Order	Application of Verizon Pennsvlvania Inc.. et al., for Authorization To Provide In-Region. InterLATA Services in Pennsvlvania, Memorandum Opinion and Order, **16** FCC Rcd **17419** (2001), appeal pending, Z-Tel Communications. Inc. v. FCC, No. 01-1461 (D.C. Cir.)
Rhode Island Order	Application bv Venzon New England Inc., et al., for Authorization To Provide In-Reeion. InterLATA Services in Rhode Island, Memorandum Opinion and Order, **17** FCC Rcd 3300 **(2002)**

Texas Order	Application bv SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 **To** Provide In-ReZion, InterLATA Services In Texas, Memorandum Opinion and Order, 15 FCC Rcd 18354 (2000)
Vermont Order	Application **by** Verizon **New** England Inc.. et al.. for Authorization To Provide In-Region. InterLATA Services in Vermont, Memorandum Opinion and Order, 17 FCC Rcd 7625 (2002), appeal dismissed, AT&T Corp. v. FCC, No. 02-1152,2002 WL 31619058 (D.C. Cir. Nov. 19, 2002)
Virginia Order	Application by Verizon Virginia Inc.. et al., for Authorization to Provide In-Region. InterLATA Services in Virginia, Memorandum Opinion and Order, WC Docket No. 02-214, FCC 02-297 (rel. Oct. 30,2002)

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Exhibit 1. Verizon's Checklist Compliance in Maryland Under the 1996 Act

§ 271 Checklist	
1. Interconnection	Mare than 250,000 **hunks** Approximately 470 collocation arrangements in service Approximately 382,000 facilities-based CLEC lines
2. Unbundled Network Elements	Approximately 133,000 unbundled loops Approximately 41,000 unbundled switching ports
3. Poles, Ducts, Conduits, and Rights of Way	Approximately 637,000 feet of conduit to *64* communications carriers and other entities Approximately 324,000 pole attachments to *64* communications carriers and other entities
4. Local Loops	Approximately 133,000 total loops, including approximately 92,000 stand-alone loops plus approximately 41,000 loops provided as part of platforms
5. Transport	Approximately 690 unbundled dedicated local transport faci'ities Approximately 41,000 shared transport arrangements Approximately 170 unbundled dark fiber facilities
6. Switching	Approximately 41,000 unbundled switching ports
7. 911/E911/DA/Operator Services	14 CLECs purchasing OS via approximately 450 dedicated trunks 14 CLECs purchasing DA via approximately 450 dedicated **hunks** 21 CLECs purchasing approximately 800 E911 dedicated **hunks**
8. White Pages	Approximately 215,000 CLEC listings (including resale)
9. Numbering Administration	Approximately *1* million telephone numbers assigned to communications carriers
10. Databases/Signaling	9 CLECs With access to signaling network 1 CLEC using Calling Name Database 27 CLECs/IXCs using Local Number Portability Database
11. Number Portability	More than 251,000 numbers ported via LNP
12. Dialing Parity	Local dialing parity available throughout the state
13. Reciprocal Compensation	22 CLECs, 8 CMRS providers, 6 paging carriers
14. Resale	Approximately 110,000 resold lines, including approximately 48,000 residential lines and approximately 61,000 business lines

Exhibit 2. Verizon's Checklist Compliance in Washington, D.C. Under the 1996 Act

§ 271 Checklist		
1. Interconnection	⇨	Approximately 77,000 trunks* Approximately 133 collocation arrangements in service Approximately 193,000 facilities-based CLEC lines
2. Unbundled Network Elements	⇨	Approximately 23,000 unbundled loops Approximately 5,400 unbundled switching ports
3. Poles, Ducts, Conduits, and Rights of Way	⇨	Approximately 1.9 million feet of conduit to 19 communications carriers and other entities Approximately 8,400 pole attachments to 19 communications carriers and other entities
4. Local Loops	⇨	Approximately 23,000 total loops, including approximately 18,000 stand-alone loops plus approximately 5,400 loops provided as pan o f platforms
5. Transport	⇨	Approximately 90 unbundled dedicated local transport facilities Approximately 5,400 shared transport arrangements Approximately 32 unbundled dark fiber facilities
6. Switching	⇨	Approximately 5,400 unbundled switching ports
7. 911/E911/DA/Operator Services	⇨	14 CLECs purchasing OS via approximately 700 dedicated trunks 14 CLECs purchasing DA via approximately 700 dedicated trunks 18 CLECs purchasing approximately 170 E911 dedicated trunks
8. White Pages	⇨	Approximately 51,500 CLEC listings (including resale)
9. Numbering Administration	⇨	Approximately 595,000 telephone numbers
10. Databases/Signaling	⇨	7 CLECs with access to signaling network 1 CLEC using Calling Name Database 2 CLECs/IXCs using Local Number Portability Database
11. Number Portability	⇨	Approximately 171,000 numbers ported via LNP
12. Dialing Parity	⇨	Local dialing parity available throughout the jurisdiction
13. Reciprocal Compensation	⇨	9 CLECs, 4 CMRS providers, 5 paging carriers
14. Resale	⇨	Approximately 14,000 resold lines, including approximately 6,500 residential lines and approximately 8,000 business lines

* Trunks represent both direct end office interconnection trunks and interconnection trunks connecting CLECs with the Southwest DC tandem (which handles tandem switching for DC, Northern Virginia, and suburban Maryland).

Exhibit 3. Verizon's Checklist Compliance in West Virginia Under the 1996 Act

§ 271 Checklist		
1. Interconnection	⇨	More than 34,000 trunks Approximately 45 collocation arrangements in service Approximately 32,000 facilities-based CLEC lines
2. Unbundled Network Elements	⇨	Approximately 24,000 unbundled loops Approximately 1.800 unbundled switching ports
3. Poles, Ducts, Conduits, and Rights of Way	⇨	Approximately 129,000 feet of conduit to 67 communications carriers and other entities Approximately 137,000 pole attachments to 67 communications carriers and other entities
4. Local Loops	⇨	Approximately 24,000 total loops, including approximately 22,000 stand-alone loops plus approximately 1,800 loops provided as part of platforms
5. Transport	⇨	Approximately I20 unbundled dedicated local transport facilities Approximately 1,800 shared transport arrangements
6. Switching	⇨	Approximately 1,800 unbundled switching ports
7. 911/E911/DA/Operator Services	⇨	2 CIECs purchasing OS via approximately 30 dedicated hunks 2 CIECs purchasing DA via approximately 30 dedicated hunks 4 CIECs purchasing approximately 30 E911 dedicated trunks
8. White Pages	⇨	Approximately 32,000 CLEC listings (including resale)
9. Numbering Administration	⇨	Approximately 1.2 million telephone numbers
10. Databases/Signaling	⇨	1 CLEC with access to signaling network
11. Number Portability	⇨	Approximately 47,000 numbers ported via LNP
12. Dialing Parity	⇨	Local dialing parity available throughout the state
13. Reciprocal Compensation	⇨	5 CLECs, 11 CMRS providers, 1 paging carrier
14. Resale	⇨	Approximately 13,000 resold lines, including approximately 4,000 residential lines and approximately 8,600 business lines